



Commission on Government Forecasting and Accountability

MONTHLY BRIEFING

JANUARY 2005

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NEW NAME FOR THE COMMISSION

Public Act 93-1067 (SB 3195) changed the name of the Illinois Economic and Fiscal Commission to the Commission on Government Forecasting and Accountability. The change became effective January 15, 2005. This is the first monthly report which reflects the new name. All future Commission reports, publications and correspondence will reflect the new name.

ECONOMY: Is Inflation a Concern?

Edward H. Boss, Jr., Chief Economist

Prices have risen sharply over the past year, raising concerns that inflation could become an increasing problem. Indeed, as a preemptive measure, the Federal Reserve already has raised key monetary policy rates five times in recent months, with the rate on federal funds increasing from a low of 1% in June 2004 to 2¼% by January 2005. Moreover, expectations are high that the Federal Reserve will raise the rate again at its meeting to be held at the beginning of February.

Overall consumer prices rose 3.3% during 2004, the fastest pace since 2000 when they rose 3.4%, and tied with the 3.3% gain in 1996. But for these exceptions, however, it was the highest rate of price increase since 1990. Moreover, as shown in the chart on the next page, the rate of ascent in prices has been sharp in the past year, establishing a disturbing trend.

A major underlying reason for the price acceleration can be found in the performance of energy prices, particularly the price of oil, which reached an all time high. Indeed, energy prices rose 16.6% in 2004, with the subcomponent

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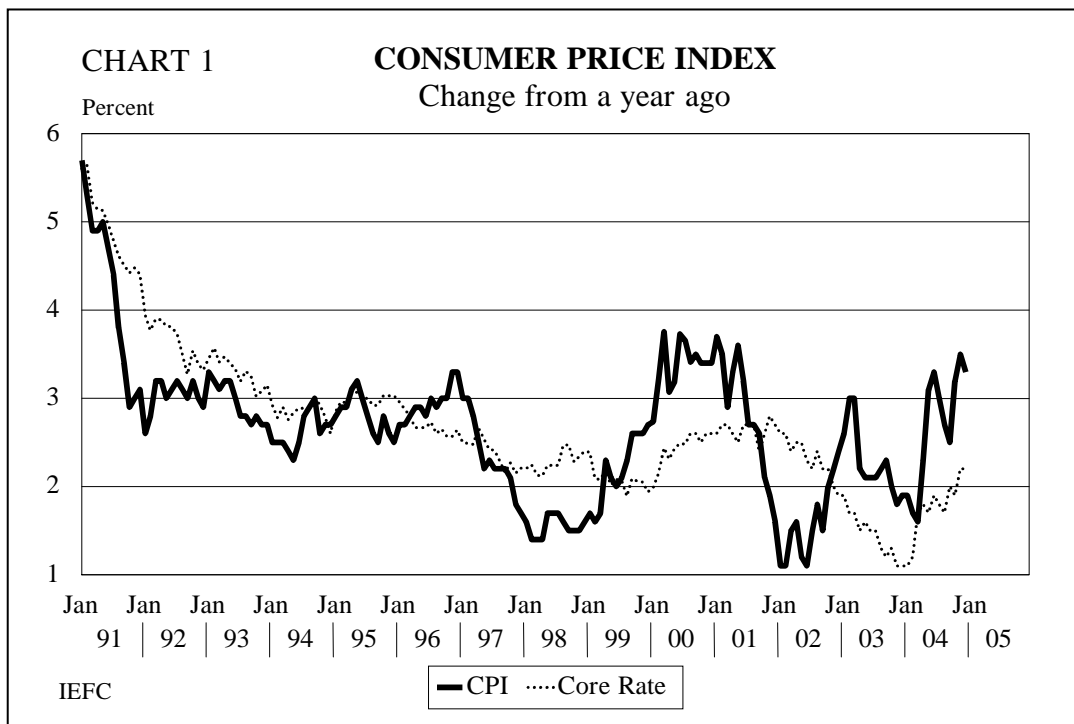
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of energy commodities up 26.7%. These are the highest rates of increase since 1999 and in sharp contrast to declines in these measures in 1997, 1998, and 2001. Excluding the volatile food and energy sectors, the *core* rate of inflation, was up only 2.2% last year. Even so, this was double the extremely low 1.1% recorded during 2003. Indeed, to talk about worries of inflation at this time is in sharp contrast to worries about the opposite, *deflation* or systematic decline in prices, which dominated Federal Reserve policy decisions less than two years ago. (See *Monthly Revenue Briefing*, May 2003.)

In assessing chances of renewed inflation, other measures that typically foreshadow higher prices should be considered. One clue is to look at the performance of long-term interest rates. Since investors in these instruments commit funds for a protracted period of time, expectations of significantly higher

prices that erode the value of investments suggest investors would demand higher interest rates to protect the real, or inflation-adjusted, rate of return. This has not happened to date; with very little gain in long-term interest rates even while short-term rates have been on the rise for more than half a year.

Another clue to future price increase can be found in movements in the price of gold. Gold prices have risen from an average of \$271 in 2001 to \$421 in January 2005, or a gain of 55%. Gold prices like oil, however, are volatile. Gold prices averaged \$384 in 1995, so that the price increase over the past decade is up only about 10%. Moreover both gold and oil are quoted in U.S. dollar terms and the dollar has been falling relative to the Euro. For example while it took about 90 cents to buy a Euro in 2001, it recently costs a little over \$1.30, or a 45% increase. Thus, the

rise in both gold and oil is significantly less to many other industrial countries than in the U.S.

The U.S economy, in terms of real gross domestic product (GDP), slowed in the last quarter of 2004 to an annual rate of 3.1%, down from 4% in the previous quarter and 4.4% for all of 2004. Even while this advance report may well be revised up somewhat when more data become available, some moderation in the pace of the U.S. business advance is likely. This is typical of an economic expansion as it matures.

There also has been evidence of some slowing in the pace of economic

economic activity abroad. Thus, the pressure on prices from overall world demand does not suggest any sharp upward price pressures. Also, according to the Federal Reserve Beige Book, which is a summary of conditions in the 12 districts, ***"Inflationary pressures remained largely in check in December and early January. While many manufacturers and builders continued to report small increases in input costs, price increases for final goods and services were generally modest."*** While it will be important to keep an eye on developing price pressures, it also does not seem likely to be a problem any time soon. A slowing in the pace of economic activity and a firmer monetary policy already in place could act to mitigate against any sustained rise in prices.

INDICATORS OF ILLINOIS ECONOMIC ACTIVITY

| <u>INDICATORS</u> | <u>DEC. 2004</u> | <u>NOV. 2004</u> | <u>DEC. 2003</u> |
|---|---------------------|----------------------------------|---------------------------------|
| Unemployment Rate (Average) | 5.8% | 6.0% | 6.7% |
| Annual Rate of Inflation (Chicago) | -6.9% | -0.6% | 2.2% |
| | | | |
| | <u>LATEST MONTH</u> | <u>% CHANGE OVER PRIOR MONTH</u> | <u>% CHANGE OVER A YEAR AGO</u> |
| Civilian Labor Force (thousands) (December) | 6,420 | -0.1% | 1.2% |
| Employment (thousands) (December) | 6,045 | 0.1% | 2.1% |
| New Car & Truck Registration (December) | 49,053 | 4.5% | -10.8% |
| Single Family Housing Permits (December) | 2,717 | -18.4% | 23.1% |
| Total Exports (\$ mil) (November) | 2,591 | -5.2% | 17.3% |
| Chicago Purchasing Managers Index (January) | 62.4 | 2.0% | -5.3% |

FEES REVENUES THROUGH 2nd QUARTER

Mike Moore, Revenue Analyst

Total fee collections through the first two quarters in FY 2005 total \$193.0 million. It should be noted that new fees collected by the Secretary of State, (I.D Card Fee Increase, Late Fee on Stickers, and Replacement Sticker Fee), are not included in the totals for Secretary of State fee revenue. These fees have taken effect but have not been reported by the Secretary of State because of a lag in accounting time. Future fee reports will include these new revenues.

As reported in the Commissions' December monthly report, fees were being contested by several different entities. A Cook County judge ruled that fees

collected via the Worker's Compensation Surcharge were unconstitutional. As a result of this ruling, funds collected under this source are now being deposited into an escrow account (Fund #937 Industrial Commission Surcharge Escrow Fund). Last quarter the Commission reported that roughly \$11.5 million has been deposited into this escrow fund. Thru January that amount has remained unchanged.

There is still pending litigation regarding some banking and credit union fees that could affect fee collections. DUI fee increases that were estimated to generate \$15 million in new revenues have brought in only \$62 thousand. It should be noted that this is a new fee that has just been implemented, and there usually are some complexities with collecting these types of fees.

| Agency | Thru 2 nd Quarter/FY 2005 |
|---|--------------------------------------|
| <i>Illinois Environmental Protection Agency</i> | \$25,091,000.00 |
| <i>Illinois Commerce Commission</i> | \$323,564.00 |
| <i>Department of Natural Resources</i> | \$248,151.00 |
| <i>Office of the State Fire Marshall</i> | \$845,447.00 |
| <i>Department of Revenue (1)</i> | \$16,761,604.40 |
| <i>Secretary of State (2)</i> | \$53,361,800.00 |
| <i>Department of Agriculture</i> | \$1,227,267.00 |
| <i>Capitol Development Board</i> | \$1,160,595.00 |
| <i>DFPR/Industrial Commission (3)</i> | \$37,236,602.83 |
| <i>Commercial Distribution Fee (4)</i> | \$55,528,458.38 |
| <i>State Treasurer</i> | \$885,590.00 |
| <i>Illinois Department of Public Health (5)</i> | \$365,000.00 |
| Total Fees thru 2nd Quarter FY 2005 | \$193,035,937.61 |

1. The Department of Revenue estimate does not include monies collected via delinquent account fees or motor fuel tax prepay.
2. The Secretary of State compares the first quarter of FY 2003 with the first quarter of FY 2005. Several of the new fees that fall under the jurisdiction of the Secretary of State have just taken effect.
3. Includes fees from the previous Department of Insurance, Office of Banks and Real Estate, and Department of Financial Institutions. Since the majority of fees collected for the Industrial Commission are collected by DFPR, Industrial Commission fees are also included in this line. Due to legal rulings monies collected from this fee will be placed in an escrow account in the State Treasury. As of February 1, 2005 roughly \$11.5 million has been transferred into this escrow account. (Fund # 0937 Industrial Commission Surcharge Escrow Fund)
4. Commercial Distribution Fee total is current through February 1, 2005
5. The fee structure for the Illinois Department of Public Health changed due to P.A 93-0841. This new legislation imposed a \$995 flat fee for nursing home licensure, in contrast to a fee based on beds as it was in FY 2004.

*Information for this chart was compiled by data from the Comptroller and information provided to the Commission from various State agencies.

REVENUE

Revenues Post January Gains

Jim Muschinske, Revenue Manager

General revenue receipts in January, excluding Budget Stabilization Fund and Pension Contribution Fund transfers, increased by \$134 million. A strong month for personal income tax receipts accounted for most of the gain as the performance of other sources was mixed. January had the same number of receipting days as last year.

As mentioned, personal income tax receipts led the advance with gross receipts up \$124 million, or \$127 million net of refunds. One reason receipts were up may be attributed to the recent "Voluntary Compliance Program", which allowed taxpayers who underreported their taxable income by participating in tax shelters to pay the associated tax liability without incurring any new penalties. *[The Department of Revenue is in the process of determining how much revenue was due to the VCP. The FY 2005 budget assumed the impact to be \$100 million].* Sales tax receipts increased by \$24 million for the month, while corporate franchise taxes jumped \$11 million. Inheritance tax receipts rose \$7 million, interest income \$5 million, and insurance taxes and fees \$3 million.

Despite the overall monthly advance, a number of sources declined in January. Gross corporate income tax receipts fell \$48 million, or \$31 million net of refunds, in part due to last January's strong performance. Public utility taxes declined by \$14 million and the timing of the Cook County transfer added \$13 million in reductions. Other sources

were off by \$4 million, and liquor taxes posted a \$2 million loss.

Overall transfers increased \$17 million in January. The increase was attributed to a \$16 million increase in riverboat transfers and receipts and a \$9 million increase in other transfers. A falloff of \$8 million in Lottery transfers partially erased those gains. Finally, federal sources managed to post a modest \$4 million increase.

Based on information provided from the Comptroller's Office, as of February 1, 2005 \$1.293 billion in bills are awaiting payment, of which \$400 million are Medicaid bills. January ended with a general funds balance of \$236 million, of which the General Revenue Fund represented only \$6 million (the remaining balance of \$230 million was comprised of education funds).

Year to Date

Through the first seven months of FY 2005, excluding Budget Stabilization and Pension Contribution funds transfers, receipts were up \$395 million over the same period of last fiscal year. With a few exceptions, virtually all revenue sources experienced gains over the same period of last year.

Gross personal income receipts contributed the most to the year-to-date increase with receipts posting gains of \$229 million, or \$276 million net of refunds. Sales tax revenue is up \$123 million while other sources experienced a \$69 million increase. Due to a distribution change in FY 2005, cigarette tax receipts are up \$50 million. Inheritance tax is ahead by \$45 million,

and all other sources experiencing gains contributed an additional \$56 million.

Only three sources declined thus far in FY 2005: gross corporate income tax are off \$98 million, or \$23 million net of refunds (the decline is due to last year's tax amnesty program which accelerated receipts into the second quarter of FY 2004); public utility taxes are off \$23 million; and, vehicle use tax is down \$2 million.

Overall transfers in the first seven months of the fiscal year are up \$582 million. However, \$434 of that gain was due to transfers from the Medicaid Provider Relief Fund result-

ing from last fiscal year's short-term borrowing. Excluding that transfer, all other transfers would be up \$148 million, comprised of an increase of \$102 million in other transfers, a \$23 million increase in lottery transfers, and a \$23 million increase in riverboat transfers and receipts.

While federal sources are down \$758 million through January, \$434 million in transfers in from the Medicaid Provider Fund could be considered "federal money" as it represents the federal reimbursement stemming from spending made available due to last year's short-term borrowing. If viewed in that context, the year-over-year decline in federal sources would be lessened to \$324 million; with that decline being attributed mostly to \$422 million in flexible federal grants received last fiscal year.

GENERAL FUNDS RECEIPTS: JANUARY

FY 2005 vs. FY 2004
(\$ million)

| Revenue Sources | JAN. FY 2005 | JAN. FY 2004 | \$ CHANGE | % CHANGE |
|--|-------------------------|-------------------------|----------------------|---------------------|
| <i>State Taxes</i> | | | | |
| Personal Income Tax | \$1,010 | \$886 | \$124 | 14.0% |
| Corporate Income Tax (regular) | 28 | 76 | (\$48) | -63.2% |
| Sales Taxes | 589 | 565 | \$24 | 4.2% |
| Public Utility Taxes (regular) | 64 | 78 | (\$14) | -17.9% |
| Cigarette Tax | 33 | 33 | \$0 | 0.0% |
| Liquor Gallonage Taxes | 12 | 14 | (\$2) | -14.3% |
| Vehicle Use Tax | 2 | 2 | \$0 | 0.0% |
| Inheritance Tax (Gross) | 29 | 22 | \$7 | 31.8% |
| Insurance Taxes and Fees | 5 | 2 | \$3 | 150.0% |
| Corporate Franchise Tax & Fees | 18 | 7 | \$11 | 157.1% |
| Interest on State Funds & Investments | 7 | 2 | \$5 | 250.0% |
| Cook County IGT | 0 | 13 | (\$13) | -100.0% |
| Other Sources | 40 | 44 | (\$4) | -9.1% |
| <i>Subtotal</i> | \$1,837 | \$1,744 | \$93 | 5.3% |
| <i>Transfers</i> | | | | |
| Lottery | 44 | 52 | (\$8) | -15.4% |
| Riverboat transfers & receipts | 51 | 35 | \$16 | 45.7% |
| Medicaid Provider Relief Fund | 0 | N/A | \$0 | N/A |
| Other | 27 | 18 | \$9 | 50.0% |
| <i>Total State Sources</i> | \$1,959 | \$1,849 | \$110 | 5.9% |
| <i>Federal Sources</i> | \$448 | \$444 | \$4 | 0.9% |
| <i>Total Federal & State Sources</i> | \$2,407 | \$2,293 | \$114 | 5.0% |
| <i>Nongeneral Funds Distribution:</i> | | | | |
| <i>Refund Fund</i> | | | | |
| Personal Income Tax | (\$101) | (\$104) | \$3 | -2.9% |
| Corporate Income Tax | (\$7) | (24) | \$17 | -70.8% |
| <i>Subtotal General Funds</i> | \$2,299 | \$2,165 | \$134 | 6.2% |
| <i>Budget Stabilization Fund Transfer</i> | \$0 | \$0 | \$0 | N/A |
| <i>Pension Contribution Fund Transfer</i> | \$0 | \$148 | (\$148) | N/A |
| <i>Total General Funds</i> | \$2,299 | \$2,313 | (\$14) | -0.6% |

IEFC SOURCE: Office of the Comptroller: Some totals may not equal, due to rounding

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GENERAL FUNDS RECEIPTS: YEAR TO DATE

FY 2005 vs. FY 2004

(\$ million)

| <u>Revenue Sources</u> | <u>FY 2005</u> | <u>FY 2004</u> | <u>CHANGE FROM FY 2004</u> | <u>% CHANGE</u> |
|---|-----------------|-----------------|------------------------------------|---------------------|
| State Taxes | | | | |
| Personal Income Tax | \$4,725 | \$4,496 | \$229 | 5.1% |
| Corporate Income Tax (regular) | 585 | 683 | (\$98) | -14.3% |
| Sales Taxes | 3,922 | 3,799 | \$123 | 3.2% |
| Public Utility Taxes (regular) | 576 | 599 | (\$23) | -3.8% |
| Cigarette Tax | 283 | 233 | \$50 | 21.5% |
| Liquor Gallonage Taxes | 88 | 78 | \$10 | 12.8% |
| Vehicle Use Tax | 19 | 21 | (\$2) | -9.5% |
| Inheritance Tax (Gross) | 166 | 121 | \$45 | 37.2% |
| Insurance Taxes and Fees | 173 | 155 | \$18 | 11.6% |
| Corporate Franchise Tax & Fees | 105 | 82 | \$23 | 28.0% |
| Interest on State Funds & Investments | 34 | 33 | \$1 | 3.0% |
| Cook County IGT | 193 | 189 | \$4 | 2.1% |
| Other Sources | 228 | 159 | \$69 | 43.4% |
| Subtotal | \$11,097 | \$10,648 | \$449 | 4.2% |
| Transfers | | | | |
| Lottery | 324 | 301 | \$23 | 7.6% |
| Riverboat transfers & receipts | 453 | 430 | \$23 | 5.3% |
| Medicaid Provider Relief Fund | 434 | 0 | \$434 | N/A |
| Other | 449 | 347 | \$102 | 29.4% |
| Total State Sources | \$12,757 | \$11,726 | \$1,031 | 8.8% |
| Federal Sources | \$2,557 | \$3,315 | (\$758) | -22.9% |
| Total Federal & State Sources | \$15,314 | \$15,041 | \$273 | 1.8% |
| Nongeneral Funds Distribution: | | | | |
| Refund Fund | | | | |
| Personal Income Tax | (\$479) | (\$526) | \$47 | -8.9% |
| Corporate Income Tax | (\$145) | (\$220) | \$75 | -34.1% |
| Subtotal General Funds | \$14,690 | \$14,295 | \$395 | 2.8% |
| Budget Stabilization Fund Transfer | \$276 | \$226 | \$50 | 22.1% |
| Pension Contribution Fund Transfer | \$0 | \$1,113 | (\$1,113) | N/A |
| Total General Funds | \$14,966 | \$15,634 | (\$668) | -4.3% |
| SOURCE: Office of the Comptroller, State of Illinois: Some totals may not equal, due to rounding. | | | | |
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GENERAL FUNDS GROWTH NEEDED TO MEET ESTIMATE

FY 2005 ESTIMATE vs. FY 2004 ACTUAL

(\$ million)

| Revenue Sources | Aug-04 ESTIMATE FY 2005 | FYTD 2005 | AMOUNT NEEDED FY 2005 EST. | FYTD 2004 | GROWTH NEEDED | % CHANGE |
|---|--|----------------------|---|----------------------|--------------------------|---------------------|
| State Taxes | | | | | | |
| Personal Income Tax | \$8,572 | \$4,725 | \$3,847 | \$4,496 | \$108 | 2.9% |
| Corporate Income Tax (regular) | 1,308 | 585 | \$723 | 683 | \$27 | 3.9% |
| Sales Taxes | 6,457 | 3,922 | \$2,535 | 3,799 | \$3 | 0.1% |
| Public Utility Taxes (regular) | 1,090 | 576 | \$514 | 599 | \$34 | 7.1% |
| Cigarette Tax | 450 | 283 | \$167 | 233 | \$0 | 0.0% |
| Liquor Gallonage Taxes | 147 | 88 | \$59 | 78 | \$10 | 20.4% |
| Vehicle Use Tax | 35 | 19 | \$16 | 21 | \$2 | 14.3% |
| Inheritance Tax (Gross) | 265 | 166 | \$99 | 121 | (\$2) | -2.0% |
| Insurance Taxes and Fees | 371 | 173 | \$198 | 155 | (\$9) | -4.3% |
| Corporate Franchise Tax & Fees | 168 | 105 | \$63 | 82 | (\$18) | -22.2% |
| Interest on State Funds & Investments | 54 | 34 | \$20 | 33 | (\$2) | -9.1% |
| Cook County IGT | 450 | 193 | \$257 | 189 | \$18 | 7.5% |
| Other Sources | 500 | 228 | \$272 | 159 | (\$8) | -2.9% |
| Subtotal | \$19,867 | \$11,097 | \$8,770 | \$10,648 | \$163 | 1.9% |
| Transfers | | | | | | |
| Lottery | 575 | 324 | \$251 | 301 | (\$18) | -6.7% |
| Riverboat transfers & receipts | 642 | 453 | \$189 | 430 | (\$42) | -18.2% |
| Medicaid Provider Relief Fund | 433 | 434 | (\$1) | 0 | N/A | N/A |
| Other | 1,044 | 449 | \$595 | 347 | (\$217) | -26.7% |
| Total State Sources | \$22,561 | \$12,757 | \$9,804 | \$11,726 | (\$115) | -1.2% |
| Federal Sources | \$4,255 | \$2,557 | \$1,698 | \$3,315 | (\$176) | -9.4% |
| Total Federal & State Sources | \$26,816 | \$15,314 | \$11,502 | \$15,041 | (\$291) | -2.5% |
| Nongeneral Funds Distribution: | | | | | | |
| Refund Fund | | | | | | |
| Personal Income Tax | (\$864) | (\$479) | (\$385) | (\$526) | \$53 | -12.1% |
| Corporate Income Tax | (318) | (\$145) | (\$173) | (220) | \$49 | -22.1% |
| Subtotal General Funds | \$25,634 | \$14,690 | \$10,944 | \$14,295 | (\$189) | -1.7% |
| Budget Stabilization Fund Transfer | \$276 | \$276 | \$0 | \$226 | \$0 | N/A |
| Pension Contribution Fund Transfer | \$0 | \$0 | \$0 | \$1,113 | (\$282) | -100.0% |
| Total General Funds | \$25,910 | \$14,966 | \$10,944 | \$15,634 | (\$471) | -4.1% |
| | | | | | | |
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GENERAL FUNDS PERFORMANCE TO DATE
GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET

FY 2005 ESTIMATE vs. FY 2004 ACTUALS

(\$ million)

| | *GOMB AUG-04 Estimate FY 2005 | FYTD 2005 | AMOUNT NEEDED FY 2005 Est. | FYTD 2004 | GROWTH NEEDED | % CHANGE |
|---|--|-----------------|----------------------------------|-----------------|------------------|----------------|
| Revenue Sources | | | | | | |
| <i>State Taxes</i> | | | | | | |
| Personal Income Tax | \$8,406 | \$4,725 | \$3,681 | \$4,496 | (\$58) | -1.6% |
| Corporate Income Tax (regular) | 1,129 | 585 | \$544 | 683 | (\$152) | -21.8% |
| Sales Taxes | 6,431 | 3,922 | \$2,509 | 3,799 | (\$23) | -0.9% |
| Public Utility Taxes (regular) | 1,102 | 576 | \$526 | 599 | \$46 | 9.6% |
| Cigarette Tax | 400 | 283 | \$117 | 233 | (\$50) | -29.9% |
| Liquor Gallonage Taxes | 147 | 88 | \$59 | 78 | \$10 | 20.4% |
| Vehicle Use Tax | 37 | 19 | \$18 | 21 | \$4 | 28.6% |
| Inheritance Tax (Gross) | 240 | 166 | \$74 | 121 | (\$27) | -26.7% |
| Insurance Taxes and Fees | 347 | 173 | \$174 | 155 | (\$33) | -15.9% |
| Corporate Franchise Tax & Fees | 175 | 105 | \$70 | 82 | (\$11) | -13.6% |
| Interest on State Funds & Investments | 45 | 34 | \$11 | 33 | (\$11) | -50.0% |
| Cook County IGT | 450 | 193 | \$257 | 189 | \$18 | 7.5% |
| Other Sources | 732 | 228 | \$504 | 159 | \$224 | 80.0% |
| <i>Subtotal</i> | \$19,641 | \$11,097 | \$8,544 | \$10,648 | (\$63) | -0.7% |
| <i>Transfers</i> | | | | | | |
| Lottery | 578 | 324 | \$254 | 301 | (\$15) | -5.6% |
| Gaming Fund Transfer | 653 | 453 | \$200 | 430 | (\$31) | -13.4% |
| Medicaid Provider Relief Fund | 433 | 434 | (\$1) | 0 | N/A | N/A |
| Other | 1,154 | 449 | \$705 | 347 | (\$107) | -13.2% |
| <i>Total State Sources</i> | \$22,459 | \$12,757 | \$9,702 | \$11,726 | (\$217) | -2.2% |
| <i>Federal Sources</i> | \$4,255 | \$2,557 | \$1,698 | \$3,315 | (\$176) | -9.4% |
| <i>Total Federal & State Sources</i> | \$26,714 | \$15,314 | \$11,400 | \$15,041 | (\$393) | -3.3% |
| <i>Nongeneral Funds Distribution:</i> | | | | | | |
| <i>Refund Fund</i> | | | | | | |
| Personal Income Tax | (\$841) | (\$479) | (\$362) | (\$526) | \$76 | -17.4% |
| Corporate Income Tax | (271) | (145) | (\$126) | (220) | \$96 | -43.2% |
| <i>Subtotal General Funds</i> | \$25,602 | \$14,690 | \$10,912 | \$14,295 | (\$221) | -2.0% |
| Budget Stabilization Fund Transfer | \$276 | \$276 | \$0 | \$226 | \$0 | N/A |
| Pension Contribution Fund Transfer | \$0 | \$0 | \$0 | \$1,113 | (\$282) | -100.0% |
| <i>Total General Funds</i> | \$25,878 | \$14,966 | \$10,912 | \$15,634 | (\$503) | -4.4% |

* The GOMB forecast includes the \$433 million from the Medicaid Provider Fund in their estimate of federal sources. The Comptroller's Office records that money as a transfer in. For comparison purposes, the GOMB's federal source estimate was adjusted to take this into account [\$4.255 billion + \$433 million = \$4.688 billion].

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